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Results of NAFA's 1989 Model Year Acquisition Survey...

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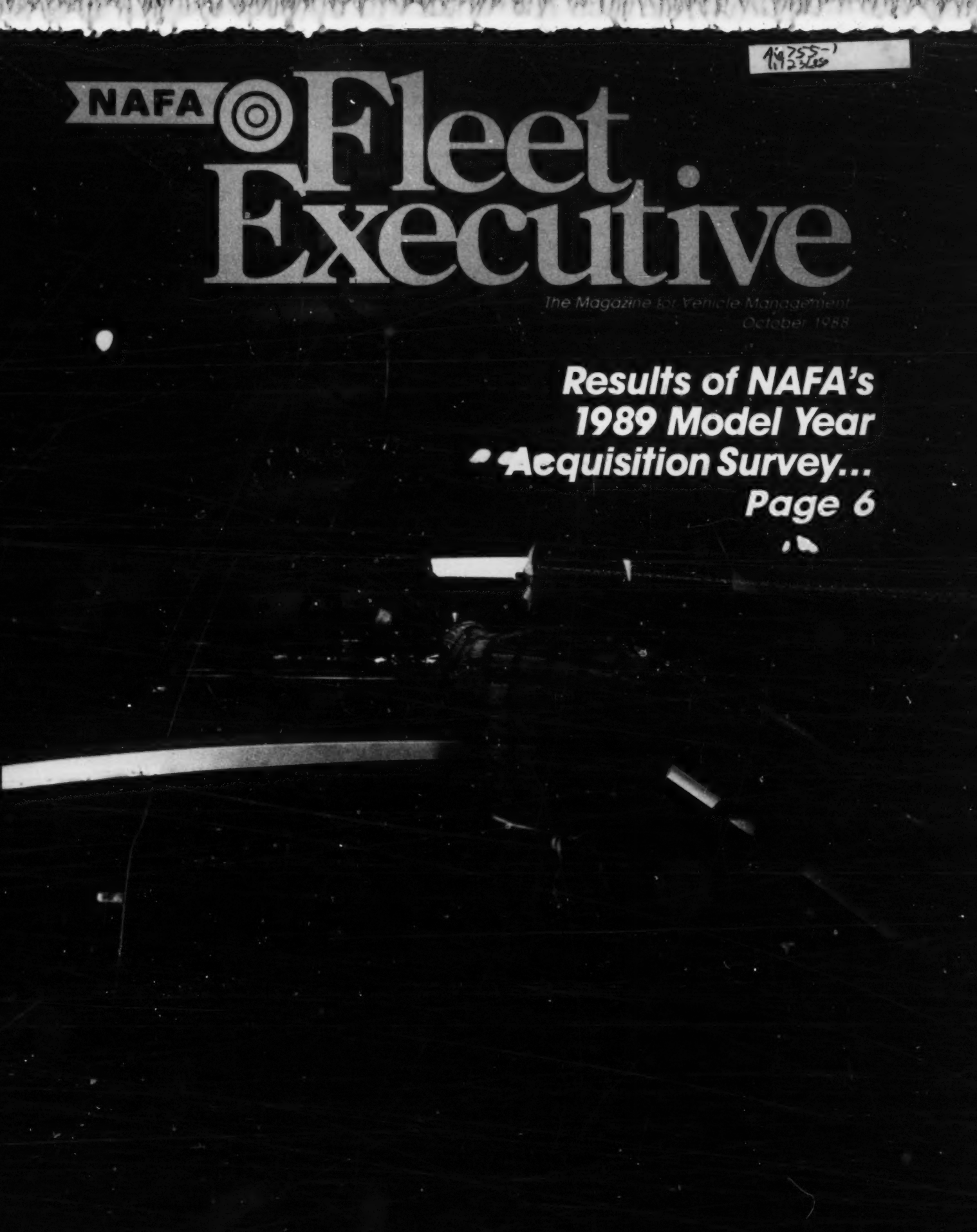

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120 Wood Ave. South, Iselin, NJ 08830
Telephone: 201-494-8100

Executive Director
DAVID P. LEFEVER

Director of Communications
PHILLIP E. RUSSO

Legal Counsel
WILLARD H. DaSILVA

NAFA Fleet Executive

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NAFA's 1989 Model Year New Vehicle Acquisition Survey Results

- What types of vehicles will fleets use in their operations in the next year?
- What manufacturer sells the most vehicles to fleets?
- Will imports finally make it big in fleet use?
- How have option packages affected vehicle selection?
- Is initial cost still the most important factor in vehicle selection?

Fleets in the United States and Canada will purchase or lease more than 126,000 1989 model year vehicles—at a cost of more than $1.6 billion—during the upcoming months, according to results of NAFA's most recent New Vehicle Acquisition Survey.

Of the 126,668 1989 model year vehicles being purchased or leased, fleet managers said 73 percent will be automobiles, 14 percent will be light-duty trucks and 13 percent will be vans. Managers said they expect to pay an average of $12,804 for each car, $13,346 for each light-duty truck and $13,352 for each van. At those costs, fleets will pay a total of $1,640,637,394 for the 1989 vehicles they purchase.

Fleet managers already placing orders for 1989 models (more than half of respondents claim to order and take delivery of new vehicles in the fall) said General Motors Corporation received 34 percent of their orders, Ford/Lincoln-Mercury slightly more than 30 percent (30.3) and Chrysler/Jeep just more than 18 percent (18.1). Most of the remaining fleet managers did not specify any particular manufacturers since their drivers, who choose which vehicles they will drive, had not yet turned in their selectors.

Import manufacturers (Isuzu, Toyota, Mazda, Honda, Acura, Nissan, Mitsubishi, Volkswagen, Subaru and Hyundai) combined will receive less than one percent of all 1989 model year fleet orders, according to responding fleet managers.

Most of the responding fleets (61 percent) do not plan any changes in their fleet size or buying/leasing policies within the next year. Of those who do plan changes, however, nine percent said they will lease vehicles they previously purchased, three percent said they will purchase vehicles they previously leased, and one percent said they will divest most of their fleet to employee ownership. Also, of those planning changes, 21 percent said they will increase the size of their fleet while five percent said they will decrease the size of their fleet.

Similarly, 92 percent of respondents said they do not plan a change in the size or type of vehicles in their fleets. The most frequent response by those planning changes in either of these areas was a move from mid-size to compact units (this response, however, was given by only one percent of respondents).

IMPORTS IN FLEETS

For 279 fleet managers "an unwritten, but perceived, 'buy North American' policy" was the reason given for *not* ordering import vehicles for their fleets. Fifty-four fleet managers said they, personally, would rather buy North American vehicles for their fleets but that their company has no written or perceived "buy North American" policy. And, 53 fleets, most in the public service sector, have corporate or agency written policies against buying import vehicles. Among other reasons given for not purchasing imports for fleet use were: high initial cost; incompatibility for job applications; size (too small); service difficulties; high repair costs; and poor means of distribution.

For the few fleet managers purchasing imports, the most often cited reason for doing so was "driver preference." Other reasons given were: better quality/workmanship; lower cost; better fuel economy; higher resale value; and better overall value.

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GEOGRAPHICAL SURVEY RESPONSES

Fleets with primary operations in United States	414	(87%)
Fleets with primary operations in Canada	62	(13%)
Total Fleets Responding	476	(100%)

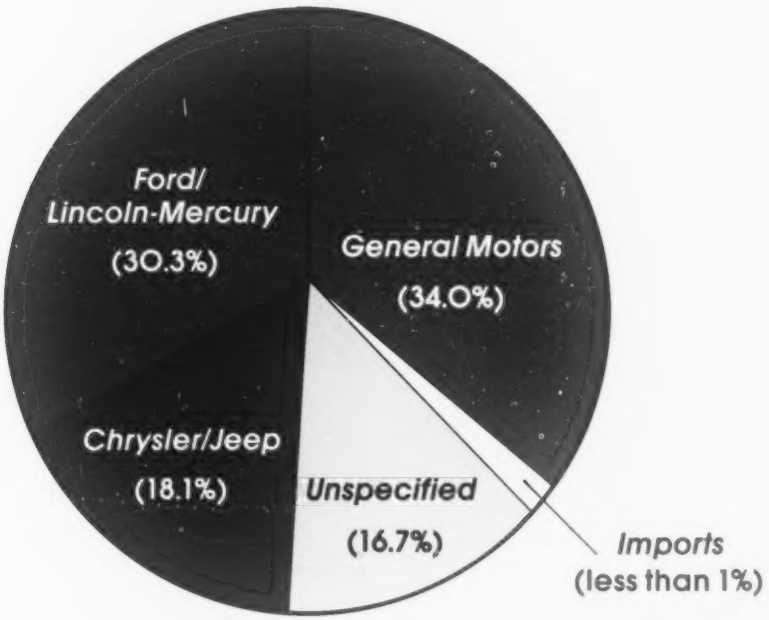
COMMERCIAL FLEETS RESPONDING

Industrial Manufacturing	61	
Insurance	56	
Consumer Manufacturing	52	
Drugs & Cosmetics	47	
Chemical & Petroleum	36	
Food & Beverage	34	
Service Organization	28	
Banking/Financial	18	
Communications	14	
Electronics	7	
Other	16	
Total Commercial Fleets Responding	369	(77.5%)

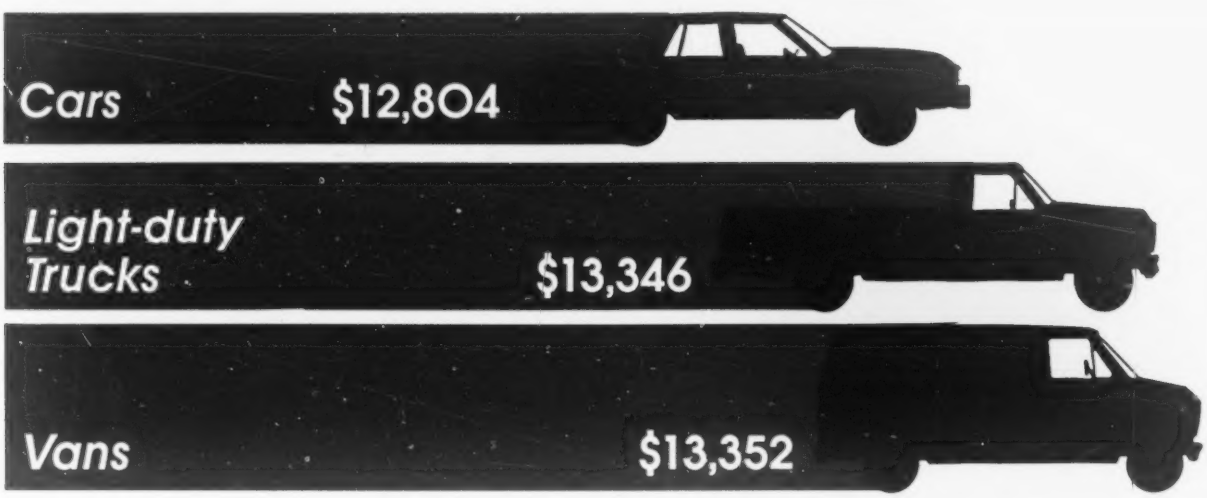
PUBLIC SERVICE FLEETS RESPONDING

Government	48	
Public Utility	37	
Law Enforcement	22	
Total Public Service Fleets Responding	107	(22.5%)
TOTAL FLEETS RESPONDING	**476**	**(100%)**

Who Are Fleets Buying From?



Expected 1989 Model Vehicle Purchase Prices



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FLEET OPTION PACKAGES

After all the controversy, exactly how have "mandatory" option packages affected fleet operations?

From a vehicle selection standpoint, option packages seem to have had some affect on which vehicles fleet managers use in their fleets, but not enough to completely disqualify a vehicle from their selector lists, according to results.

Sixty-eight percent of fleet managers saying option packages affected their vehicle selection said they chose the same vehicle as in the past, but with more equipment; eight percent chose the same vehicle with less equipment. In other words, nearly three-quarters of these respondents were "brand-loyal," suggesting a strong sense of faithfulness to both the vehicle model and manufacturer. (Eighteen percent of these respondents said they chose a different model or manufacturer than in the past to get the desired optional equipment.)

From a cost standpoint, 62 percent of responding fleet managers said option packages have caused them to pay more money than in the past for optional equipment in their vehicles.

OPTIONS WISH LIST

If fleet managers could have their choice of options in a vehicle, here's what they would have, according to survey results:

VEHICLES IN FLEETS RESPONDING

Industry Classification	Company-Owned	Leased	Total
Commercial Fleets			
Industrial Manufacturing	11,907	48,209	60,116
Insurance	26,261	22,119	48,380
Chemical & Petroleum	19,959	24,399	44,358
Drugs & Cosmetics	1,788	33,698	35,486
Consumer Manufacturing	10,402	24,628	35,030
Service Organization	11,307	15,456	26,763
Food & Beverage	6,576	19,920	26,496
Banking/Financial	5,503	2,345	7,848
Communications	1,653	4,004	5,657
Electronics	2,166	1,973	4,139
Other	1,682	4,637	6,319
Total Commercial Fleets:	**99,204** (33%)	**201,388** (67%)	**300,592** (100%)
Vehicles in commercial fleets represent 63% of all vehicles in this survey.			
Public Service Fleets			
Public Utility	58,665	32,741	91,406
Government	63,873	1,194	65,067
Law Enforcement	20,728	116	20,844
Total Public Service Fleets	**143,266** (81%)	**34,051** (19%)	**177,317** (100%)
Vehicles in public service fleets represent 37% of all vehicles in this survey.			
TOTAL VEHICLES IN SURVEY	**242,470** (51%)	**235,439** (49%)	**477,909** (100%)

- Power Brakes
- Automatic Transmission
- Dual Side Mirrors
- Power Steering
- Air Conditioning
- Tinted Glass
- All-Season Tires
- Floor Mats
- Rear Defroster
- Fuel Injection
- Pulse Wipers
- AM/FM Radio

Those options not high on fleet managers' wish lists, according to results, are: cellular phone; vinyl roof; power gas cap release; mud guards; power seats; power trunk release; optional paint; power windows; four cylinder engine; AM/FM cassette stereo; power door locks; and split front seat.

RESPONDENT DEMOGRAPHICS

NAFA's 1989 Model Year New Vehicle Acquisition Survey received responses from 476 fleet managers: 414 from the United States and 62 from Canada. More than three-quarters of the responses (369) were from commercial fleets, with the remaining from public service fleets.

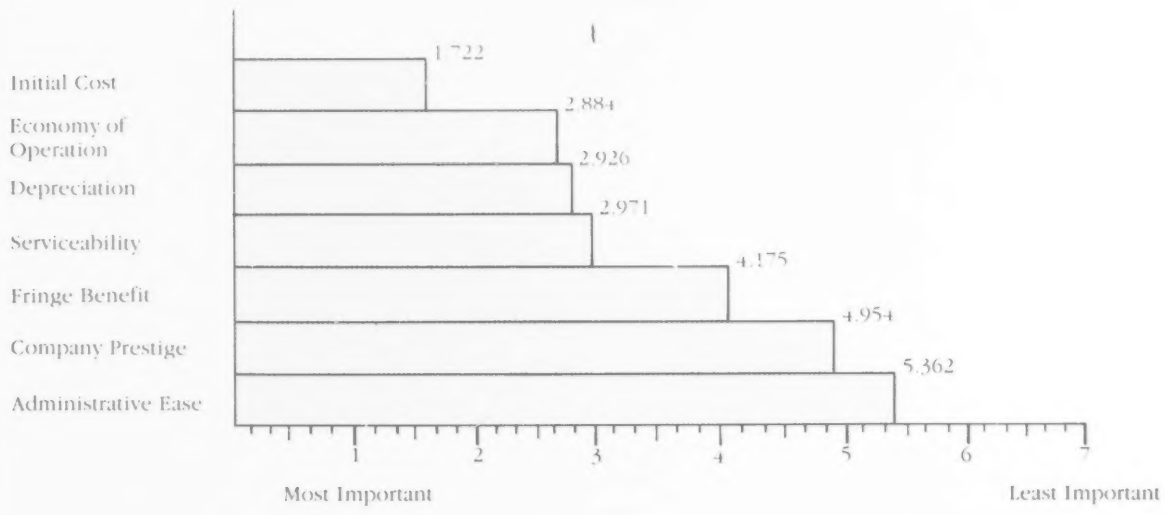
All told, responding fleets control 477,909 vehicles: 242,470 company-owned and 235,439 leased. Fifty-nine percent of these vehicles are automobiles, 19 percent are light-duty trucks, 13 percent are vans and nine percent are "other" vehicles, such as heavy-duty trucks.

More statistics on following page.

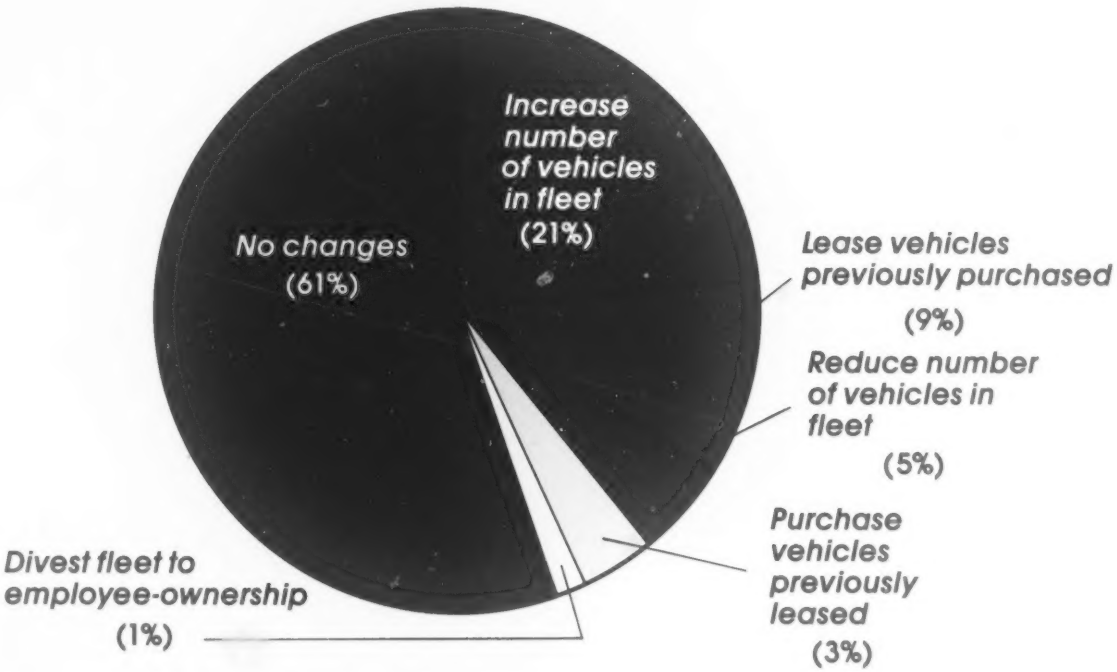
WHY DO YOU CHOOSE THE VEHICLES YOU CHOOSE?

For the fifth consecutive year, a vehicle's initial cost is the most important factor fleet managers take into consideration when choosing vehicles for the fleets, according to survey results.

When asked to rank several factors taken into consideration when ordering new model year vehicles, fleet managers gave "Initial Cost" an average score of 1.722, with a score of "1" being the highest possible ranking and "7" being the lowest possible ranking. "Economy of Operation" rated an average of 2.884; "Depreciation/ Resale Value/Holding Cost 2.926; and "Serviceability/Ease of Maintenance" 2.971. Next were "Fringe Benefit/Driver Satisfaction" at 4.175; "Company Prestige" 4.954; and "Administrative Ease" 5.362.



Fleets Planning Changes In Size and/or Buying/Leasing Policies


Increase number of vehicles in fleet (21%)
No changes (61%)
Lease vehicles previously purchased (9%)
Reduce number of vehicles in fleet (5%)
Purchase vehicles previously leased (3%)
Divest fleet to employee-ownership (1%)

Options By Vehicle Type/Size

If they could, here are the options fleet managers would have on specific size/type vehicles.

Compact	Mid-Size	Light-Duty Truck	Mini-Van
Air Conditioning	Air Conditioning	Air Conditioning	Air Conditioning
All-Season Tires	All-Season Tires	All-Season Tires	All-Season Tires
AM/FM Radio	AM/FM Radio	AM/FM Radio	AM/FM Radio
Automatic Transmission	Automatic Transmission	Automatic Transmission	Automatic Transmission
Dual Side Mirrors	Dual Side Mirrors	Dual Side Mirrors	Dual Side Mirrors
Floor Mats	Floor Mats	Floor Mats	Floor Mats
Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection
Power Brakes	Power Brakes	Power Brakes	Power Brakes
Power Steering	Power Steering	Power Steering	Power Steering
Pulse Wipers	Pulse Wipers	Pulse Wipers	Pulse Wipers
Rear Defroster	Rear Defroster	Tinted Glass	Rear Defroster
Tinted Glass	Tinted Glass	6-Cylinder Engine	Tinted Glass
4-Cylinder Engine	6-Cylinder Engine		6-Cylinder Engine
	Cruise Control	Other*	Cruise Control
	Tilt Wheel		

* (e.g., 8-cylinder engine; heavy-duty suspension; interior light system; dual edge guards; cloth seats; instrument panel package; diesel engine; and full spare tire.)